



Increasing Washington's Personal Needs Allowance will promote client choice in long-term care

Washington's current in-home Personal Needs Allowance is inadequate and inequitable, creating a barrier to individuals receiving necessary care in their own homes

Background

In-home services are the most preferred and often least costly form of long-term care. Clients who receive these services through Medicaid are required to pay a co-pay, which is calculated by taking their income and subtracting a Personal Needs Allowance, or PNA. Clients need this PNA to cover household costs, including rent/mortgage, groceries, utilities, transportation, home maintenance and any other household needs. The rest of their income goes to fund their co-pay for in-home services. Medicaid then makes up the difference between that co-pay and the full cost of their care. Under Medicaid, States have wide latitude to determine the PNA which equates to how much income in-home clients are allowed to keep to maintain their households.

Example: How PNA Works with Monthly Client Costs for In-Home Long-Term Services and Supports

Client Income	\$2,950
Personal Needs Allowance	\$1,074
Participation	\$1,876
Average Cost of Living	\$2,901
Income deficit	\$1,827

The Current PNA is Inadequate and Results in Co-Pays Clients Can't Afford

The current in-home PNA is set at 100% of the federal poverty level, which is \$1,074 per month for an unmarried individual. This is far below what it actually costs to maintain a household in Washington State.

- Someone with a modest income of \$3,000 per month would be left with only about a third of that (\$1,074) to maintain their household. The remaining two-thirds of their income (\$1,926) would be paid to their providers in order to receive care.
- That is far below Washington's 2020 average cost of living, which is \$2,901, as estimated by the Elder Index.
- For older adults and individuals with disabilities who want to stay in their homes, this means that they might:
 - Have to choose between paying for homecare and covering basic household expenses
 - Have to cut corners – skipping meals, or skipping rent, utility payments or necessary home maintenance
 - Live in substandard or unsafe housing
- Many clients refuse needed care or accept less care than they need because of the cost.
- Clients who refuse services due to the high co-pay often re-enter Medicaid when their needs are higher and more expensive for the state. They may seek emergency care or have long-term hospital stays and frequently end up in higher levels of care – which are both costly and, in many cases, preventable.
- When clients are unable to pay their co-pay, providers are saddled with bad debt.



Washington's PNA Level is Far Below the National Average

	2021 In-Home PNA	2020 Average Cost of Living
Washington	\$1,074	\$2,901
Colorado	\$2,382	\$2,709
Massachusetts	\$2,382	\$3,347
Michigan	\$2,382	\$2,494
New Jersey	\$2,382	\$3,512

Median PNA Nationally (2018): \$2,024

Washington's PNA for Long-Term Care is Far Behind the PNA for Developmental Disabilities

DDA and AL TSA in-home clients receive significantly different PNAs, despite the cost of living being the same. For DDA clients, the PNA for in-home clients at the Developmental Disabilities Administration is currently \$2,349 per month, which is 300% of the Federal Benefit Rate. Increasing the PNA for AL TSA long-term care clients would align policy and treat individuals with in-home care needs in Washington equally.

The Solution: Increase In-Home PNA to 300% Federal Benefit Rate Cost: \$25.6 GF-S, \$58M total funds for FY23

Increasing the PNA for AL TSA in-home clients to 300% of the federal benefit rate promotes client choice and allows seniors and individuals with disabilities to remain in their own home. Currently, 300% FBR is \$2,382; this is the federal maximum for HCBS Waivers.

This change would:

- Reduce poverty among clients receiving personal care in their own homes.
- Enable clients to successfully transition out of acute care hospitals, nursing facilities and state psychiatric hospitals and live in their own homes.
- Enable more clients to stay at home if they prefer it, reducing costs to the State.
- Create equity across disability groups receiving personal care in their own homes in Washington.
- Significantly minimize administrative and accounting burden of collecting client participation on home care agencies, in-home providers, and the Consumer Directed Employer.

The current PNA creates an unnecessary barrier for many Washingtonians who prefer to be served in their own homes. Increasing the in-home PNA would allow older adults and people with disabilities to have a viable choice to remain in their own homes.